

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07

SP-02 SS-15 STR-05 TRSE-00 ACDA-12 /108 W

-----052343 041447Z /46

R 021526Z DEC 77

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 4861

INFO AMEMBASSY PARIS

LIMITED OFFICIAL USE OSLO 5435

PARIS PASS USOECD

E.O. 11652: N/A

TAGS: EWWT, NO, OECD

SUBJECT: NORWEGIAN STATE SHIPPING COMPANY?

1. 13.8 MILLION DEADWEIGHT TONS -- OR 28 PERCENT OF NORWEGIAN SHIPPING -- WAS IN LAY UP AT THE END OF OCTOBER AWAITING GON FIGURES MADE PUBLIC RECENTLY. OF THIS TOTAL, 10.6 MILLION DWT IS ACCOUNTED FOR BY TANKERS. NORWAY RETAINS FIRST PLACE AMONG COUNTRIES WITH IDLE TONNAGE AND ONLY SWEDEN HAS A LARGER PERCENTAGE OF ITS MERCHANT MARINE LAID UP.

2. COMMENTING ON THE SITUATION, MANAGING DIRECTOR OF THE NORWEGIAN GUARANTEE INSTITUTE FOR SHIPS AND DRILLING RIGS HAAKON NYGAARD NOTED THAT THE GUARANTEE INSTITUTE HAS ACTED ON THE ASSUMPTION THAT THE FREIGHT MARKET WILL IMPROVE BY 1980. IN THE EVENT THIS ASSUMPTION PROVES UNFOUNDED, AND AS CASES THEN ARISE WHERE CREDITORS ARE UNWILLING TO POSTPONE DEBT REPAYMENTS FURTHER, HE SAID THE GON WOULD CONSIDER THE GUARANTEE INSTITUTE'S TAKING OVER AND OPERATING THE SHIPS CONCERNED DIRECTLY. QUOTE THIS WOULD MEAN ESTABLISHMENT OF LIMITED OFFICIAL USE

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A GON STATE SHIPPING COMPANY FOR ECONOMIC REASONS, UNQUOTE E.G. TO PREVENT NORWEGIAN SHIPPING BEING SOLD ABROAD AT VERY DEPRESSED PRICES.

3. NYGAARD ALSO REPORTED AS SAYING THE GON HOPES TO PREVENT ANY NEED FOR A STATE SHIPPING COMPANY BY TAKING STEPS TO ESTABLISH NEEDED INTERNATIONAL COOPERATION BETWEEN INDEPENDENT TANKER

SHIPPING COMPANIES. SUCH COOPERATION WOULD IMPROVE THE BARGAINING POWER OF THE INDEPENDENT TANKER COMPANIES OPERATING IN THE SPOT MARKET IN THEIR NEGOTIATIONS WITH THE OIL COMPANIES ABOUT FREIGHT AND RATES. THE INTERNATIONAL TANKER MARKET CURRENTLY INCLUDES ABOUT 50 MILLION DWT TONS, ABOUT 7 MILLION DWT OF WHICH COME UNDER NORWEGIAN GUARANTEE INSTITUTE'S JURISDICTION.

4. COMMENT: NYGAARD'S REMARKS, WHILE NOT CLEARED WITHIN THE GON, COME ABOUT TWO WEEKS BEFORE THE EXPECTED REPORT OF AN AD HOC COMMITTEE TO EXAMINE THE TANKER SITUATION SET UP IN OCTOBER UNDER NORGES BANK DEPUTY DIRECTOR SKAANLAND. WE CONSIDER, AND COMMERCE MINISTRY OFFICIALS HERE AGREE, THAT NYGAARD'S REMARKS PROBABLY FORESHADOW RECOMMENDATIONS IN THE REPORT.  
BREMER

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## Message Attributes

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**Review Markings:**  
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